regulation
competency
impartiality

the Régie

2007-2008 Annual Report

Québec

conciliation
transparency
reliability

de l'énergie

Régie de l'énergie
Québec

mission

Energy in all its forms and all its uses is a vital part of daily life and affects every sphere of modern social existence.

Economic regulation of energy is therefore a complex matter.

The complexity of the undertaking makes it necessary to establish standards, methods and procedures to govern all aspects of the process. For example, one proven method employed by the Régie to set rates is the cost of service method, which basically consists of adding up the costs of operating a company, including a reasonable rate of return for shareholders.

This method is well known and generally highly regarded. Its weakness — if it can be called a weakness — is that it makes life easier for everyone. It gives the regulator a sense of having done its duty, since it has rigorously reviewed the costs submitted by the company. The regulated company knows that it will be able to recover the cost of serving its customers and reward its shareholders. And consumers are guaranteed reliable access to energy at a reasonable price.

But a regulatory approach that makes life easy doesn't necessarily provide incentives for innovation. And it is clear that innovation is vitally important in order to deliver increased benefits — particularly, an ever more efficient energy sector — to energy consumers, and hence to Québec society as a whole.

At the same time, the regulator must show some humility and admit that it is up to the regulated company to find ways to innovate. It is the company that, spurred by consumers' expressed needs, will be able to see and seize opportunities for improvement.

In addition to setting rates, therefore, the regulator's role is to encourage business to innovate and reach higher, and to provide it with the means to do so.

I believe that, in order to do so, we need to do two things.

First, we must offer the regulated companies incentives. These may vary from one company to another: we need to find the incentive that will motivate each company to improve its ways of doing things. However, even the best incentives will be effective only if the regulator dares to leave the beaten path and offer a broader, more flexible regulatory framework that allows regulated companies to seize the opportunities for innovation that arise. So, secondly, the regulator must find a delicate balance, letting others decide how to go about reaching the goals it has set while ensuring that the public interest is safeguarded at all times.

This approach, which is generically known as an incentive mechanism, has been used successfully for years with natural gas distributors. Pursuant to its legislative mandate, the Régie is considering how to interest Hydro-Québec and participants in its proceedings in this way of doing things.

Modernizing regulation is also a key objective. All stakeholders, including the regulatory agency, agree that regulation should be streamlined. The Régie is pushing ahead with efforts in this direction and considering concrete methods, such as the introduction of multi-year mechanisms.

Another method the Régie makes available to regulated companies and interested parties is the negotiated agreement process, which has the advantage of bringing the different communities of interest to negotiate in order to arrive at a proposal that is consistent with the public interest, instead of drawing them into an adversarial process in the hearing room. The Régie will give this method preference when appropriate. It is being used successfully in Gaz Métro rate cases.

As can be seen, the Régie is considering how to promote the long-term development of the energy sector by applying regulatory approaches that help foster innovation, for the benefit of all consumers.

This process is being carried out alongside the administrative and regulatory work that makes up our daily activities. The Régie conducted a large number of important regulatory proceedings in 2007-2008. For example, it authorized capital expenditures totalling more than $3 billion. It is expected that capital expenditures of a similar amount will be submitted to the Régie for approval in 2008-2009.

On the administrative front, I would like to underscore the work done by the Régie's staff with a view to assuming the new responsibilities we were assigned by the government in December 2006. The concentrated efforts made during the year produced an administrative framework for the purpose of establishing the annual duty payable by distributors to the Green Fund created as part of the strategy to fight climate change. A similar exercise had to be performed in order to establish the annual share payable to the Agence de l'efficacité énergétique.

The Régie is now working on reliability standards for electric power transmission, a matter of great importance to ensure secure power supplies for consumers and one that involves a number of jurisdictions in North America.

This year, for the first time, the Régie will review the Agence de l'efficacité énergétique's comprehensive energy efficiency and new technologies plan. As part of that case, it will be asked to approve the agency's programs and budgets. The case will lay the foundations for developing a consistent comprehensive energy efficiency plan for all forms of energy.

Finally, the Régie is preparing an action plan in keeping with the government's strategy. The Régie is already taking many initiatives on a daily basis to promote sustainable development. The action plan will make its efforts consistent with those of all other public bodies.

The Régie needs the perspective provided by active, focused, structured participation by consumers and interest groups in the regulatory process to help it make appropriate and timely decisions. Their input, and that of the regulated companies, is also important for the modernization of regulatory processes for the energy industry. I am confident that stakeholders will contribute to this effort with the same rigour and open spirit they have demonstrated in past proceedings.

I would like to take this opportunity to note, once again, the outstanding work of the Régie's employees. It is thanks to their expertise and steadfast efforts that the Régie has been able to carry out its important responsibilities.

Jean-Paul Théorêt

Chairman

June 2008

Role and powers

The Régie de l'énergie has authority to fix the rates and conditions for the transmission and distribution of electric power and the supply, transmission, delivery and storage of natural gas, after holding public hearings. The Régie's decisions cannot be appealed.

The Régie also monitors the operations of electricity and natural gas distributors to ensure that consumers are adequately supplied, and monitors the operations of the electricity carrier, the electricity distributors and the natural gas distributors to ensure that consumers are charged fair and reasonable rates. It approves the electricity and natural gas distributors' supply plans and business programs. It approves investments, construction projects and the acquisition of assets intended for the transmission or distribution of electric power or the distribution of natural gas. The Régie ensures that electric power transmission in Québec meets its reliability standards; it determines whether the standards have been breached and if so imposes sanctions. The Régie also names Québec's reliability coordinator.

The Régie monitors the application of the tender solicitation and contract awarding procedure, and the code of ethics for the electricity distributor's supply contracts. The resulting supply contracts are submitted to the Régie for approval.

The Régie has sole authority to examine consumer complaints about a decision rendered by the electricity carrier, an electricity distributor or a natural gas distributor concerning the application of the rates or conditions of service. The carrier and distributors are required to apply an internal complaint examination procedure approved by the Régie.

With respect to petroleum products, the Régie is tasked with monitoring prices and providing consumers with information. It also has authority to determine, every three years, an amount per litre representing the operating costs borne by retailers and to assess the expediency of including this amount in the costs of gasoline and diesel fuel retailers.

With respect to energy efficiency, the Régie approves the programs and actions in the comprehensive energy efficiency and new technologies plan prepared by the Agence de l'efficacité énergétique, and the total expenditures it considers necessary to adequately finance the plan. It also establishes the annual amount each energy distributor must allocate to those programs and actions.

Regulatory activities

The Régie rendered 109 decisions on applications during the year, some of which had far-reaching implications for Québec as a whole.

Through its rate decisions, authorization of investment and monitoring of the companies under its jurisdiction, the Régie ensures that rates are fair and reasonable, that the capital expenditures needed to maintain and extend the electric power transmission network and the electricity and natural gas distribution systems can be made, and that the regulated companies comply with applicable standards and the terms and conditions for consumer service.

The Régie received 37 applications and 155 complaints in 2007-2008. It held 82 days of hearings, 18 working sessions and 51 conciliation sessions.

Summary of activities

37 applications
155 complaints
109 decisions on applications
82 days of hearings
18 working sessions
51 conciliation sessions

109 decisions

Decisions on applications in 2007-2008

Electricity distribution	32
Electricity transmission	36
Natural gas	38
Petroleum products	03

role-setting

109,618 kilometres

Hydro-Québec's overhead distribution system is 109,618 kilometres in length, more than 400 times the distance between Québec City and Montréal.

recovery

Recovering old inefficient refrigerators is one of the goals of Hydro-Québec's energy efficiency programs. In all, Hydro-Québec will spend more than $250 million on such programs this year.

Electric power transmission

The Régie rendered 36 decisions regarding electricity transmission. Among other things, it approved a revenue requirement of $2 733 billion for the purpose of setting 2008 rates and reviewed some articles of the transmission rates and conditions of service.

The Régie authorized the carrier to make capital expenditures totalling $2 401 billion to strengthen its network, to connect new power plants and wind farms, and for other purposes.

Electric power distribution

With respect to electricity distribution, the Régie fixed the rates for all Québec consumers as of April 1, 2008. The authorized revenue requirement for Hydro-Québec Distribution is $10 540 billion, a $267 million increase from the previous year, which will result in an average 2.9% rate hike for consumers.

In the same case, the Régie also approved Hydro-Québec Distribution's $250 million energy efficiency budget for 2008 and its updated 2003-2010 comprehensive energy efficiency plan. The distributor plans to spend approximately $1.3 billion, over and above the $700 million to be paid directly by consumers. The plan is expected to save 4.7 TWh by 2010.

The Régie also amended some of the distributor's conditions of service for electricity supply and related expenses. Among other things, the decision stipulated conditions for network extensions. The amendments to the conditions of service came into effect on April 1, 2008.

The Régie began considering Hydro-Québec Distribution's supply plan for 2008-2017 in November 2007. Study of the plan will continue in 2008-2009.

The Régie monitored, on an ongoing basis, the application of the tender solicitation procedure for the purchase of energy and power on short-term markets. The Régie approved an evaluation grid for the second 2000-MW block of wind energy. A revised grid was approved following the adoption of Order in Council 96-2007 on February 8, 2007. This tender solicitation is currently being monitored.

The Régie accepted a request to approve a memorandum of understanding concerning the temporary suspension of electricity generation at the Bécancour power plant, and the final agreement between Hydro-Québec Distribution and TransCanada Energy Ltd.

The Régie authorized capital expenditures totalling $690 million for network maintenance, connecting new clients to the grid, and other purposes.

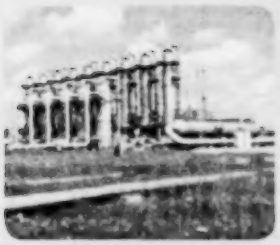
Administrative follow-up

- Annual reports from the carrier and the distributor
- Monitoring of tender solicitations
- Progress report on the distributor's supply plan

distribution

customers

The natural gas distributors added approximately 6,300 new subscribers to their residential customer base during the past year.



growth

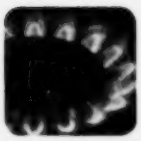
The volumes delivered to industrial customers are expected to increase in the future due to the strong competitive position of natural gas in relation to bunker oil.

With respect to natural gas, the Régie continued work on setting the gas distributors' conditions of service. The conditions will clarify and harmonize relations between natural gas consumers and distributors.

The Régie set distribution rates for Gazifère. It approved an average rate increase of 7.3% as of January 1, 2008. Gazifère's annual report, supply plan and capital expenditures were approved in the same proceeding.

Monthly fluctuation of Gaz Métro gas supply service
$/GJ

Source: Gaz Métro



In the Gaz Métro rate case, the Régie authorized an average 1.9% increase in the distributor's transmission, load balancing and distribution rates, as of October 1, 2007. The distributor's authorized revenue requirement was set at $764 million. In the same hearing, the Régie also approved Gaz Métro's supply plan, capital expenditures, comprehensive energy efficiency plan, and the annual action plan for its energy efficiency fund. Gaz Métro filed an application to modify its Rate D4 after TCE suspended electric power generation at its Bécancour power plant. Gaz Métro also asked for authorization to include its Green Fund duty in its rates. Study of these applications will continue in 2008-2009.

The energy efficiency initiatives taken by the distributors and by Gaz Métro's energy efficiency fund cost nearly $15 million and resulted in a reduction in consumption of approximately 36 million cubic metres in 2007.

The Régie also authorized the natural gas distributors to invest $150 million in extending, strengthening and improving their systems.

Administrative follow-up

- Monthly check of the price Gaz Métro charges for gas supply service
- Application for approval of mid-year rate adjustments for the distributors

Information

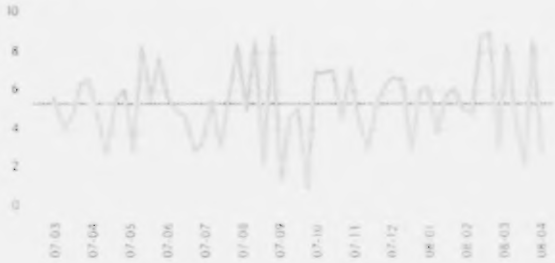
Consumption

In 2007, Quebecers bought more than 8.4 billion litres of gasoline from the 3,800 gasoline stations in Québec.

Production

Québec's three refineries produced more than 27 billion litres of gasoline, fuel oil, diesel fuel and other petroleum products in 2007.

Spread between average price at the pump and weighted estimated minimum price of regular gasoline for Québec as a whole
c/litre



Prices for Québec as a whole
c/litre

Price movements

Oil prices have increased significantly in the last 12 months. In Canada, the impact of the increases has been partially offset by the strong Canadian dollar.

Regular gasoline

From April 1, 2007 to March 31, 2008, the weighted average price of regular gasoline at the pump for Québec as a whole was 109.9¢/litre, compared with 101.2¢/litre during the same period of the previous year.

Weighted average retail price
Low: 101.6¢/litre during the week of September 24, 2007
Peak: 118.3¢/litre during the week of March 31, 2008

During the same period, the average weekly minimum price at the loading ramp in Montréal trended upward, increasing from 58.5¢/litre in 2006-2007 to 65.9¢/litre in 2007-2008.

Minimum price at the loading ramp
Low: 56.9¢/litre during the week of October 1, 2007
Peak: 76.9¢/litre during the week of March 31, 2008

The price fluctuations at the loading ramp were reflected in the estimated minimum price. From April 1, 2007 to March 31, 2008, the weighted average estimated minimum price for Québec as a whole was 103.8¢/litre, up 7.6¢/litre from 2006-2007.

Estimated minimum price
Low: 94.1¢/litre during the week of October 8, 2007
Peak: 115.0¢/litre during the week of March 31, 2008

The average spread between the weighted retail price of regular gasoline, before taxes, and the estimated minimum price was 5.4¢/litre during the period of April 1, 2007 to March 31, 2008, compared with 4.5¢/litre in 2006-2007.

Heating oil

The weighted average price of heating oil in Québec as a whole was 81.9¢/litre, a 13.5¢/litre increase from the previous year.

Weighted average retail price
Low: 69.2¢/litre during the week of August 27, 2007
Peak: 103.2¢/litre during the week of March 31, 2008

Diesel fuel

The weighted average price of diesel fuel was 111.7¢/litre in 2007-2008, an increase of 7.9¢/litre from the previous year.

Weighted average retail price
Low: 105.1¢/litre during the week of June 18, 2007
Peak: 136.5¢/litre during the week of March 31, 2008

The Régie performed its role of monitoring and providing information on petroleum product prices through several publications. As Québec's only official source on petroleum product prices, the Régie posts various publications on the subject on its website and responds to enquiries from consumers.

In addition to its weekly information bulletin on petroleum product prices in Québec, the Régie has begun publishing a daily cost price indicator and, since June 2007, a daily report on the price of regular gasoline. The Régie continued releasing a weekly report on heating oil prices throughout the heating season.

The Régie also calculates the estimated minimum price of gasoline and diesel fuel in more than 120 municipalities and boroughs, based on the estimated minimum price at the loading ramp, minimum transport costs, taxes and, if the Régie so decides, an amount for operating expenses.

On December 14, 2007, the Régie began consideration of a joint application from an independent retailer and the Association québécoise des indépendants du pétrole (AQUIP) to include the amount representing operating costs in the minimum price for the city of Saint-Jérôme. The Régie will continue studying the application in 2008-2009.

Client relations

Treatment of complaints from consumers of electricity and natural gas

In connection with its authority to examine complaints from consumers of natural gas and electricity, the Régie received 155 complaints in 2007-2008, the majority of which concerned Hydro-Québec as a distributor.

Conciliation, an alternative dispute settlement method

The Régie continued its efforts to make conciliation the preferred method for handling consumer complaints against the electric power carrier or a distributor. Conciliation has proven to be a successful way to find win-win solutions to disputes between distributors and their customers, in line with the efficiency and modernization objectives enshrined in the Régie's strategic plan. It is fast and simple, reduces the direct costs associated with handling consumer complaints, improves communication between distributors and their customers, increases mutual understanding and resolves disputes to the satisfaction of all.

To encourage the use of conciliation to settle complaints, the Régie informs complainants of the service and offers to hold a conciliation session at their convenience within 30 days. To accommodate the parties, the session may be held at the Régie's offices in Montréal or Québec City, or in another locality, as requested. A neutral and impartial conciliator with extensive experience presides over the session.

Building on positive results

The Régie was one of the first economic regulation tribunals to introduce a conciliation service to deal with complaints. The benefits that have been achieved for the regulated companies and their clients bear out the merits of this approach.

A growing number of complaints involving Hydro-Québec are being referred to conciliation. The proportion has increased from 56% in 2004-2005 to approximately 80% in 2007-2008; 100% of complaints involving other distributors went to conciliation. In all, 51 cases were referred to conciliation during the year. In only 16 of these cases did conciliation fail; in 35, or 70%, an agreement was reached.

While conciliation did fail to produce an agreement in some instances, the process was useful, for it helped the parties understand the applicable regulations and engage in dialogue, leading to satisfactory outcomes in many cases.

Conciliation helps the parties discover their real interests and motives, express their feelings, and clarify their differences. It makes it more likely that both sides will emerge from the process feeling satisfied and confident that they will be able to maintain more positive relations in the future.

In touch with stakeholders and consumers

The Régie marked the 10th anniversary of its existence with a major public outreach effort. With the cooperation of the natural gas and electricity distributors, it distributed to millions of Québec consumers an information flyer explaining its role and the services it offers.

In the fall of 2007, the Régie held its yearly meeting with representatives of consumer groups, environmental groups, the electric power carrier, and the distributors of electricity and natural gas to discuss the issues they will be facing in the years ahead and listen to their suggestions for improving the handling of applications. In the course of the discussions held throughout the year at various meetings, all parties demonstrated a commitment to dialogue.

Information about the Régie's roles, powers and procedures is available through a number of channels. People calling the Régie's telephone info line can speak to an information officer to find out about the handling of complaints against the natural gas and electricity distributors or about petroleum product prices. Over 3,000 calls were handled during the year.

The Régie's website provides access to all public documents pertaining to applications. The online clerk's office now contains more than 25,000 documents. Electronic communications have become the norm at the Régie, making it possible to update the site almost immediately. Live broadcast of hearings on the Internet makes the Régie's work more accessible to both participants and the general public.

connecting

Outcomes of cases closed in 2007-2008

Agreements after conciliation	35
Decisions after hearing	11
Agreements between the parties	56
Decisions on the basis of the file	35
Complaints withdrawn	11

communication

In June, the Régie de l'énergie celebrated its 10th birthday. To mark the occasion, it distributed a flyer explaining its role to more than 3.5 million consumers of natural gas and electricity.

Public participation

Payment of intervenors' costs

The Régie may order the electricity carrier or any distributor of electricity or natural gas to pay, in whole or in part, expenses related to proceedings conducted under the Régie's authority. When the public interest warrants, the Régie may pay such costs for groups formed for the purpose of participating in its public hearings. The amount of the reimbursement is determined in accordance with the Act, the *Rules of Procedure* and the *Intervenor Costs Payment Guide*.

In 2007-2008, the Régie approved the payment of $3,066,425 in intervenor costs.

2007-2008 intervenor costs

Awarded between April 1, 2007 and March 31, 2008, by form of energy

Electricity	$1,797,288
Natural gas	$1,269,137
Total	**$3,066,425**

Participants in the Régie's work

Assembly of First Nations of Quebec and Labrador

Association coopérative d'économie familiale de l'Outaouais

Association coopérative d'économie familiale de Québec

Association de l'industrie électrique du Québec

Association des consommateurs industriels de gaz

Association des redistributeurs d'électricité du Québec

Association québécoise de la production d'énergie renouvelable

Association québécoise de lutte contre la pollution atmosphérique

Association québécoise des consommateurs industriels d'électricité

Association québécoise des indépendants du pétrole

Automobile Protection Association

Hugo Beaulieu

Brigitte Blais

Brookfield Energy Marketing Inc. (Brascan Energy Marketing Inc.)

Canadian Coalition of Geothermal Energy

Canadian Federation of Independent Business

Canadian Petroleum Products Institute

Communauté historique du Domaine du Roy et de la Seigneurie de Mingan

Communauté métisse du Domaine du Roy et de la Seigneurie de Mingan

Conseil de la Première nation des Innus Essipit

Conseil québécois de la coopération et de la mutualité

Corporation des entrepreneurs en traitement de l'air et du froid

Corporation des propriétaires immobiliers du Québec

Corporation métisse du Québec et de l'Est du Canada

Costco Wholesale Canada Ltd.

Fédération québécoise des municipalités locales et régionales

Gaz Metro Limited Partnership

Gazifère Inc.

Grand Council of the Crees / Cree Regional Authority

Green Party of Quebec

Groupe de recherche appliquée en macroécologie

Groupe interconnexions et énergie Québec

Hydro-Québec Distribution

Hydro-Québec TransÉnergie

Intergaz

Lise Lachance

Lièvre River Power

Magpie Limited Partnership

Naskapi Nation of Kawawachikamach

Newfoundland and Labrador Hydro

Northern Village of Kuujjuaq

Ontario Power Generation

Option Consommateurs

Petro-Canada

Powerex Corp.

Jean-Claude Préfontaine and Suzanne Rochon

Quebec Forest Industry Council

Quebec Ski Areas Association

Québeckyoto

Regroupement des Gestionnaires et Copropriétaires du Québec

Regroupement des organismes environnementaux en énergie

Regroupement national des Conseils régionaux de l'environnement du Québec

Guy Roy

Society to Overcome Pollution (STOP)

Stratégies énergétiques

TransCanada Energy Ltd.

Barbara Tremblay

Ultramar Ltd.

Union des consommateurs

Union des municipalités du Québec

Union des producteurs agricoles

Ville de Saint-Jérôme

Ville de Schefferville

involvement

Administrative work, 2007-2008

Amendments to the *Act respecting the Régie de l'énergie* that came into effect last year assigned the Régie new responsibilities with respect to energy efficiency, initiatives to fight climate change, and the development of mandatory reliability standards for electric power transmission systems.

Substantial administrative work was accomplished.

- The Regulation respecting the annual duty payable to the Green Fund was adopted and notices of payment totalling $200 million were issued.
- The Regulation respecting the annual share payable to the Agence de l'efficacité énergétique was adopted and notices of payment totalling over $23 million were issued for 2007-2008.
- Talks on a service agreement were held with the North American Energy Reliability Council (NERC) in connection with the introduction of mandatory reliability standards for electric power transmission systems.
- The Régie was part of the interdepartmental committee on sustainable development and helped develop the government's sustainable development strategy.
- Training program for new commissioners and staff.
- The Régie's Chairman chaired the Regulatory Affairs Committee of the Canadian Association of Members of Public Utility Tribunals and made a presentation to Canadian ministers of Energy and Mines on ways to improve energy regulation in Canada.

Green Fund

The Régie did considerable work to produce an administrative framework for the purpose of establishing the annual duty payable by distributors to the Green Fund created as part of Québec's strategy to fight climate change.

reliability

The Régie is actively contributing to the development of mandatory reliability standards for electric power transmission systems in North America.

1. General principles Commissioners shall at all times conduct themselves with loyalty and dignity, demonstrate reserve, and abstain from any statement or action that is incompatible with their duties. In the performance of their mandate, commissioners shall promote the satisfaction of Québec's energy needs in accordance with the principles of sustainable development and with attention to economic, social and environmental concerns. They shall also reconcile the public interest, consumer protection and equitable treatment of distributors.

2. Impartiality Commissioners shall demonstrate impartiality at all times. They shall act and be seen to act objectively and without prejudice. They shall abstain from expressing in public any opinions that might cast doubt on their objectivity or impartiality, or that of the Régie.

3. Independence Commissioners shall at all times defend the independence of their office. They shall perform their duties free of all interference. They shall avoid placing themselves in a vulnerable position.

4. Political neutrality Commissioners shall set aside their personal political opinions so as to perform their duties with due objectivity. Commissioners shall exercise reserve in the public expression of their political opinions and shall not belong to any advocacy group that takes positions on energy-related matters.

5. Conflicts of interest Commissioners shall avoid placing themselves in a position of conflict of interest. They shall arrange their personal affairs so as not to interfere with the performance of their duties. They shall not use the power of their position to obtain or grant any benefit or favour. Commissioners shall have no interest, direct or indirect, in any company that produces, transports, distributes or supplies energy, or in any organization, association or undertaking an interest in which would create a conflict between their personal interests and the duties of their position.

6. Declaration of interests Each Commissioner shall submit an annual written declaration to the Chairman of the Régie stating all the interests he or she possesses which he or she believes could create a conflict of interest.

7. Recusal Commissioners shall recuse themselves from any deliberations in which their ability to deal impartially with the application under consideration could be in doubt. A commissioner shall bring any situation which he or she deems to be problematic to the attention of the Chairman of the Régie.

8. Confidentiality Commissioners shall swear an oath of confidentiality upon entering upon their duties. Commissioners shall abstain from making any comment or taking any public position on any file, whether or not they are personally responsible for that file, and shall express their points of view only through the decisions rendered by the Régie. Commissioners shall at all times respect the confidentiality of the documents and information to which they are made privy in the performance of their duties and may not use them for personal ends.

9. Duty to act with equity At hearings and in examining applications, commissioners shall ensure that all participants have the opportunity to be heard and to make their arguments, insofar as those arguments are admissible and relevant. At hearings, commissioners shall maintain order, taking a firm but courteous attitude which fosters mutual respect among all present.

10. Collegiality Each commissioner shall provide his or her colleagues with appropriate support, while respecting the areas of competence of each. Commissioners shall strive to ensure that the decisions rendered by the Régie are consistent, so that all intervenors who appear before the Régie receive equitable treatment.

11. Excellence Commissioners shall keep their professional skills and knowledge current so as to maintain the quality of their work.

12. Diligence Commissioners shall render written, reasoned decisions, effectively and diligently, in plain language.

13. Oath Upon entering upon their duties, commissioners shall take the following oath: "I, ___, commissioner, do solemnly declare that I will exercise the powers and perform the duties of my position impartially and honestly, to the best of my ability and knowledge."

administration

A pool of expertise

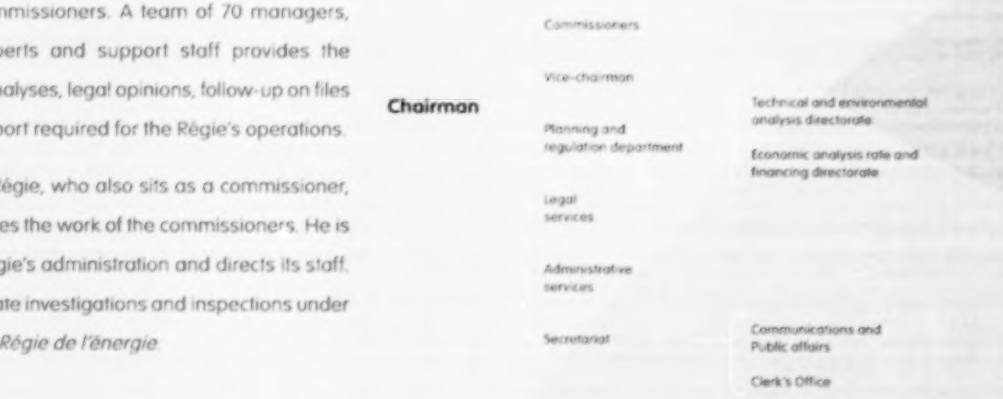
The Régie de l'énergie is a specialized agency that needs advanced expertise and knowledge to properly assess the applications and evidence submitted to it.

The Régie's commissioners and staff are experts on energy and economic regulation who are recruited on the basis of the quality and relevance of their experience and training. The Régie is composed of 10 commissioners, including 3 supernumerary commissioners. A team of 70 managers, specialists, legal experts and support staff provides the commissioners with analyses, legal opinions, follow-up on files and the logistical support required for the Régie's operations.

The Chairman of the Régie, who also sits as a commissioner, assigns and coordinates the work of the commissioners. He is responsible for the Régie's administration and directs its staff. He launches appropriate investigations and inspections under the *Act respecting the Régie de l'énergie*.

Administrative structure

The Régie has a streamlined structure composed of the Office of the Chairman and four departments. The majority of the Régie's employees work at the head office in Montréal, where most activities and hearings take place. The Régie also has an office in Québec City to serve clients in the Québec City area and Eastern Québec.



From left to right: Richard Lassonde, Louise Pelletier, Richard Carrier, Jean-Paul Théorêt, Jean François Viau, Gilles Boulianne, Michel Hardy, Louise Rozon, Lucie Gervais, Marc Turgeon

Régie's estimated financial results

The Régie's estimated financial results for the fiscal year ended March 31, 2008 are as follows:

Opening accumulated surplus	$ 711,366
Revenues	$ 9,445,363
Expenses	$ 9,859,603
Ending accumulated surplus	$ 297,126

Other information

Revenues for the fiscal year ended March 31, 2008 consisted primarily of the duties paid by the electric power carrier, the electric power distributors, including Hydro-Québec Distribution, the natural gas distributors and petroleum product distributors that exceed 100 million litres, in accordance with the Regulation respecting the annual duty payable to the Régie de l'énergie (Order in Council 736-2004, section 112 of the Act). Pursuant to the Regulation, the audited accumulated surplus (deficit) as of March 31, 2008 for each form of energy will be taken into account in calculating the applicable rate and the amount of duty payable by the distributors for 2008-2009. The duty payable to the Régie for the next fiscal year will therefore be reduced or increased accordingly.

In accordance with section 106 of the Act and the related Order in Council (#832-2004), the Régie's budget forecasts for fiscal 2007-2008, including projected expenses related to the Régie's new responsibilities for fuel under the Act, were submitted to the Government on January 31, 2007 and approved by Order in Council 549-2007 on June 27, 2007.

2008-2009 cases

Electric power

Transmission

Rates

- 2009 transmission rates
- 2007 annual report

Capital expenditures

- Batch approval of capital projects under $25 million

Individual projects:

- Des Cantons – dismantling and write-down of assets
- Connection of Eastmain 1-A and Sarcelle
- Abitibi substation
- Anne-Hébert substation
- Bélanger substation
- Bourassa (or Anjou) substation
- Rivière-des-Prairies generating station
- Châteauguay substation
- Duvernay substation
- Mistissini substation
- Outaouais - Papiers Masson substation
- Éléonore project

System reliability and technical requirements for system connections

- Approval of reliability standards
- Approval of technical requirements for connection to transmission system

Other

- Énergie La Lièvre: auxiliary carrier status

Distribution

Rates and conditions of service

- 2009 distribution rates, including energy efficiency plan
- Review of conditions of service
- 2007 annual report

Capital expenditures

- Batch approval of capital projects under $10 million

Individual projects:

- Akulivik generating plant and wind/diesel hybrid project
- Schefferville regional project
- Radio meter-reading project
- Renovation of Lebourgneuf service centre

Supply

- 2008-2017 supply plan
- Monitoring of tender solicitation for 2000 MW of wind energy
- Approval of supply contracts for 2000 MW of wind energy
- Approval of evaluation grid and monitoring of tender solicitation – community and Aboriginal wind energy projects
- Suspension of deliveries by TCE in 2009
- Renewal of framework agreement with Hydro-Québec Generation
- Approval of evaluation grid and monitoring of tender solicitation – biomass
- Approval of evaluation grid and monitoring of tender solicitation – power demand

Natural gas

Conditions of service

- Review of conditions of service of natural gas distributors

Gaz Métro

- Application to amend rates as of October 1, 2008, including energy efficiency plan
- Application to amend rate D4 and to add the Green Fund duty to Gaz Métro's rates as of January 1, 2008
- Annual report, September 30, 2007
- Annual report, September 30, 2008

Gazifère Inc

- 2009 rate case, closing of the books and supply plan, including energy efficiency plan

Agence de l'efficacité énergétique

- Examination of the comprehensive energy efficiency and new technologies plan submitted by the Agence de l'efficacité énergétique

Petroleum products

- Intergaz-AQUIP application for inclusion of amount representing operating costs in minimum price for Saint-Jérôme
- Determination of service station operating expenses

For more information on the Régie, its people, its accomplishments and current cases, consult our Web site.

Régie de l'énergie
P.O. Box 001
Tour de la Bourse
800 Place Victoria
Suite 2.55
Montréal, Québec H4Z 1A2
Telephone: 514 873-2452
Fax: 514 873-2070
Toll free: 1 888 873-2452

Québec City office

Régie de l'énergie
1200 Route de l'Église
Suite 3.10
Québec, Québec G1V 5A4
Telephone: 418 646-0970
Fax: 418 646-1021
Toll free: 1 888 527-3443

Régie de l'énergie
Québec

Legal deposit - 2008
Bibliothèque nationale du Québec
ISBN 978-2-550-53010-7
© Gouvernement du Québec

Ce document est également disponible en français.